

been reporting and publishing inflated and misleading price data and has engaged in other improper, deceptive business practices in order to manipulate and inflate the prices of certain drugs. The price manipulation scheme has been executed through Pharmacia's inflated representations of average wholesale price ("AWP") and direct price ("DP"), which are utilized by the Medicare and Medicaid programs in establishing drug reimbursements to providers. This pricing scheme by Pharmacia and other drug companies is estimated to have cost taxpayers over a billion dollars.

Unfortunately, Pharmacia's recent letter provides no meaningful explanation for the company's actions which have overcharged Americans and put patient safety at grave risk. Instead, President Hassan places the blame on the Department of Health and Human Services' difficult reimbursement policies. In this letter he states: "As you know, Medicare and Medicaid reimbursement policies are considerably complex" and "From my perspective, it is the designing of a system to replace the current system that to date has proven to be difficult." The alleged complexity of Medicare's reimbursement system is no excuse for Pharmacia deliberately publishing inflated and misleading price data and engaging in other deceptive business practices—business practices which the letter fails to mention.

Contrary to Mr. Hassan's accusation, Medicare's current reimbursement method is simple. Medicare pays 95% of a covered drug's average wholesale price (AWP). Regardless of the merits of the system, Pharmacia, and other drug companies, have abused this system by reporting inflated drug prices—plain and simple.

I appreciate the fact that Mr. Hassan is taking the issues I raised in my letter "very seriously" and is "continuing to investigate" the allegations made in my letter. But I firmly believe that the blame for reporting misleading—and possibly fraudulent—price data as well as engaging in other deceptive company practices must not and cannot be placed on HHS' reimbursement policies. Mr. Hassan writes that the "current system has proven to be untenable. . . ." It is the pricing practices of companies like his that have made it untenable.

Pharmacia's behavior overcharges taxpayers—particularly patients—and endangers the public health by influencing the practice of medicine. It is for all of these reasons that I have called on the FDA to conduct a full investigation into such drug company behavior.

The letter from Pharmacia follows:

PHARMACIA CORPORATION,
Peapack, NJ, October 16, 2000.

Re: Your Letter of October 3, 2000

Hon. FORTNEY PETE STARK,
Cannon House Office Building, House of Representatives, Washington, DC.

DEAR REPRESENTATIVE STARK: I am the President, Chief Executive Officer, and a member of the Board of Directors of Pharmacia Corporation ("Pharmacia"). For your information, Pharmacia was created earlier this year upon the merger of Pharmacia & Upjohn, Inc., and Monsanto Company.

In my capacity as Chief Executive Officer of Pharmacia, I write to acknowledge receipt of your letter of October 3, 2000, addressed to Pharmacia & Upjohn, Inc., and to address

preliminarily the issues that you raise regarding the reporting and publishing of certain price data for several prescription medications sold by Pharmacia.

Initially, I want to provide you with my personal assurance that Pharmacia takes the issues raised in your letter very seriously. For your information, Pharmacia has actively provided information regarding our pricing practices to a number of investigative bodies. Also, the Company is committed to continuing to work with the appropriate authorities until any differences that may exist in the understanding of this matter are resolved.

As to the particulars of your letter, you should know that Pharmacia is continuing to investigate the allegations made in your letter, as well as those that have been reported recently in various news media regarding the pharmaceutical industry's practices in the area of reimbursement.

As you know, Medicare and Medicaid reimbursement policies are considerably complex. Indeed, in correspondence from the administrator of the Health Care Financing Authority ("HCFA"), it was publicly noted in a letter addressed to the Honorable Tom Bliley, Chairman, Commerce Committee, U.S. House of Representatives, that HCFA has been "actively working to address drug payment issues, both legislatively and through administrative actions, for many years." In fact, Ms. DeParle, the HCFA Administrator, notes that her Agency tried several alternative approaches in the early 1990's but that none were adopted. In fact, in 1997, the Administration proposed to pay physicians and suppliers their so-called "acquisition costs" for drugs, but the proposal was not adopted. Instead, the Balanced Budget Act of 1997 reduced Medicare payments for covered drugs from 100% to 95% of the average wholesale price or "AWP".

From my perspective, it is the designing of a system to replace the current system that to date has proven to be difficult. Indeed, the current system has proven to be untenable and we would welcome the opportunity of working with you, Congress, HCFA, and any other interested regulatory agencies and stakeholders to develop reimbursement guidelines that are simple, transparent, and representative of the current market conditions.

Finally, I want you to know that—in accordance with your request—I will share your letter and this response with the members of Pharmacia's Public Issues and Social Responsibility Committee of the Board of Directors. In addition, Pharmacia will continue to participate constructively in the public dialogue with regard to whether changes will be made in this arena either legislatively or through administrative action.

Sincerely,

FRED HASSAN.

HONORING MRS. CLEOTILDE
CASTRO GOULD

HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Monday, October 23, 2000

Mr. UNDERWOOD. Mr. Speaker, From a pool of very worthy candidates, the Guam Humanities Council elected to bestow the 2000 Humanities Award for Lifetime Contribution

upon Mrs. Cleotilde Castro Gould, a retired educator and well-known local storyteller. This very distinguished award honors the contributions of individuals who, over the years, have worked towards the promotion and advancement of local culture and traditions. To Mrs. Gould, the conferral of this honor is both timely and well deserved.

Mrs. Gould is primarily known as an educator and as a specialist on Chamorro language and culture. In 1974, she played a key role in the formation of the Guam Department of Education's Chamorro language and Culture program. She served as the program's director until her recent retirement. Her many talents include that of singing, songwriting and creative writing. She is a talented singer of Kantan Chamorrita (Chamorro Songs) and has written several songs made popular by local island performer, Johnny Sablan. In the 1980's, she obtained funding to document the Kantan Chamorrita song form. The result was a video record of the ancient call-and-response impromptu song form which is practiced today by few remaining artists.

However, her claim to fame is that of being a storyteller. Her great talent in conveying ancient Chamorro legends to the younger generation has placed great demand on her skills throughout the island's many schools. Mrs. Gould has represented the island as a storyteller in a Pacific islands tour sponsored by the Consortium of Pacific Arts and Cultures and she employed the same talent in 1988 as part of the Guam delegation to the Pacific Festival of Arts in Australia. In addition, Mrs. Gould is also the writer and creator of the Juan Malimanga comic strip. A daily feature in the Pacific Daily News, Guam's daily newspaper, the strip and its characters embody the Chamorro perspective and our local tendency to use humor in order to get points across or to express criticism in a witty and non-confrontational manner. Mrs. Gould is one of my best friends and favorite colleagues in education. She represents the best in that indomitable Chamorro spirit.

Through her song lyrics, the Comical situations she has concocted, and the lessons brought forth by her storytelling, Mrs. Gould has touched a generation of children, young adults and students. Her exceptional ability to communicate with people from a wide range of age and educational backgrounds has enabled her to pass on the values and standards of our elders to the younger generation. Her life has been dedicated towards the preservation of our island's culture and traditions. For this she rightfully deserves commendation.

Also worthy of note are several distinguished island residents, who, in their own ways, have made contributions to our island. Dirk Ballendorf, a professor of History and Micronesian Studies, through his scholarly work and research, has provided the academic community a wide body of material on the history and culture of our island and our region. Professor Lawrence Cunningham, the author of the first Chamorro history book, has been largely instrumental in the inclusion of Guam History in the secondary school curriculum and the participation of island students in local and national Mock Trial debate competitions. Professor Marjorie Driver's translation of documents pertaining to the Spanish presence in

the Mariana Islands has generated enthusiasm among the local community and brought about a desire to get reacquainted with their heritage and traditions. The Reverend Dr. Thomas H. Hilt, the founder of the Evangelical Christian Academy, has fostered the development of a generation of students and donated his time and efforts providing assistance and counsel to troubled kids. Local banker, Jesus Leon Guerrero, founder of the first locally chartered full service bank on Guam, the Bank of Guam, has made great contributions towards the economic, political, and social transformation of Guam. Newspaperman Joe Murphy has written a daily newspaper column for the last thirty years and has provoked our thoughts and encouraged us to get involved in our island's affairs and concerns. The director of the Guam Chapter of the American Red Cross, Josephine Palomo, in addition to her invaluable assistance during disaster related situations, has established a program which encourages involvement among the island's senior citizens in social and healthful activities. Professor Robert F. Rogers, through his scholarly work and provision of guidance and advice to political science majors in the University of Guam, has fostered the development of policy and leadership within our region. Finally, former Senator Cynthia Torres, one of the first women to be elected to the Guam Legislature, has made great contributions towards the advancement of women and vulnerable members in our island society.

On behalf of the people of Guam, I commend and congratulate these wonderful people for their contributions. Their passion and dedication has gone a long way towards the development of a new generation who, like them, will dedicate their lives and their work towards the humanities. To each and every one of these individuals, I offer my heartfelt gratitude. Si Yu'os Ma'ase'.

CHAIRMAN'S FINAL REPORT CONCERNING THE NOVEMBER 13 SUBCOMMITTEE ON FORESTS AND FOREST HEALTH HEARING IN ELKO, NEVADA

HON. JIM GIBBONS

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 23, 2000

Mr. GIBBONS. Mr. Speaker, last year on November 13th, the Subcommittee on Forests and Forest Health held a hearing in Elko, Nevada to study the events surrounding the closure of the South Canyon Road by the Forest Service. After a thunderstorm washed out parts of the road in the Spring of 1995, the agency prohibited the community of Jarbidge from repairing it—going so far as to initiate criminal action against the county. At this hearing, we learned that it wasn't just parts of the road that washed away in that storm but also the Federal Government's failure to use common sense. The South Canyon Road has been used by local residents since the late 1800s—to now keep the citizens of Elko County from maintaining and using what is clearly theirs is a violation of the statute commonly referred to as RS 2477. This is an issue

of national significance, demonstrating ongoing attempts by the Federal Government, particularly under this Administration, to usurp the legal rights of States and Counties. So for this reason, the subcommittee has done extensive research into the fundamental questions concerning the South Canyon Road, specifically: who has ownership of the road and who has jurisdiction over the road? Subcommittee Chairman CHENOWETH-HAGE has compiled her research into this, her final report on the November 13th hearing. I would now respectfully ask that it be submitted into the RECORD of this 106th Congress.

CHAIRMAN'S FINAL REPORT—HEARING ON THE JARBIDGE ROAD, ELKO COUNTY, NEVADA, SUBCOMMITTEE ON FORESTS AND FOREST HEALTH

PREFACE

By invitation of Congressman Jim Gibbons of Nevada, the Subcommittee on Forests and Forest Health held an oversight hearing in Elko Nevada on November 13, 1999, on a dispute between Elko County and the United States Forest Service (USFS). The County of Elko claimed ownership of a road known as the Jarbidge South Canyon Road by virtue of their assertion of rights under a statute commonly referred to as RS 2477. The USFS asserted they do not recognize the county's ownership rights and claimed jurisdiction over the road under the Treaty of Guadalupe Hidalgo, the proclamation creating the Humboldt National Forest, the Wilderness Act, the Federal Land Policy and Management Act (FLPMA), the Endangered Species Act, and the Clean Water Act. This issue came to a head when the USFS directed its contractor to destroy approximately a one-fourth mile section of the Road, thus preventing its use by parties claiming private rights of use which could be accessed only by the Road. Also, access to the Jarbidge Wilderness Area was closed off by the action of the USFS.

Chairman Chenoweth-Hage submits this final report to members based on the testimony given and records available to the Subcommittee. Representatives of the USFS failed to defend their position from a legal standpoint, submitting no legal analysis that justified their position. Instead, they simply "ruled" that they did not recognize the validity of the County's assertion to the road.

The investment of time in the historic perspective leading up to the County's assertion was fruitful, yielding numerous clearly worded acts of Congress, backed up in a plethora of case law. I have attempted to bring that historic perspective to this report, because the Congressional and legal background cannot be ignored if we are to view the western lands issues in the framework Congress and the courts have intended.

I therefore submit my final report on the hearing on the Jarbidge Road.

Summary: The Basic Questions of Ownership and Jurisdiction

The dispute over the Jarbidge South Canyon Road (Road) between Elko County, Nevada and the United States Forest Service (USFS) involves two basic questions:

1. Who has ownership of the road?
2. Who has jurisdiction over the road?

Ownership is defined as control of property rights.

Jurisdiction is defined as the right to exercise civil and criminal process.

The United States argues that when the Humboldt National Forest was created in

1909, the road in question became part of the Humboldt National Forest. The United States argues that the Humboldt National Forest is public land owned by the United States and the USFS, as agent for the United States, has both ownership and jurisdiction. The United States has responded to the RS 2477 issue (Section 8, Act of July 26, 1866) by arguing that no RS 2477 road which was established in a national forest after the creation of the national forests, was valid, and all roads within the national forest fall under USFS jurisdiction after passage of the Federal Land Policy and Management Act of October 21, 1976 (FLPMA).

Evidence was presented by Elko County in an effort to establish proof of ownership of the Jarbidge South Canyon Road. This evidence includes documents and oral testimony, showing that the road was established in the late 1800s on what had been a pre-existing Indian trail used by the native Shoshone for an unknown period of time prior to any white settlement in the area.

Elko County claims jurisdiction over the Jarbidge South Canyon Road by virtue of evidence that the road was created to serve the private property interests of the settlers in the area. Elko County cites various private right claims to water, minerals, and grazing which the road was constructed to serve.

The crucial factor in determining which argument is correct is to determine whether the federal land upon which the Road exists is "public land" subject to federal ownership and jurisdiction or whether the federal land upon which the Road exists is encumbered with private property rights over which the state of Nevada and private citizens exercise ownership and

In any dispute of this kind, it is essential to review, not only prior history, but also the public policy of the United States as expressed in acts of Congress and relevant court decisions.

I. Breaking Down the Principles of Ownership

A. The law prior to Nevada Statehood.

1. The Mexican cession and "Kearney's Code."

Nevada became a state on October 30, 1864. Prior to that time the area in question was part of the territory of Nevada. The territory of Nevada had been created out of the western portion of the territory of Utah. Utah Territory has been a portion of the Mexican cession resulting from the Mexican War of 1845-46. U.S. Brigadier General of the Army of the West, Stephen Watts Kearney, instituted an interim rule, commonly referred to as "Kearney's Code," over the ceded area pending formal treaty arrangement between the U.S. and Mexico. The Mexican cession was formalized two years later with the Treaty of Guadalupe Hidalgo, February 2, 1848.

Mexico recognized title of the peaceful/Pueblo (or "civilized") Indians (either tribally or as individuals) to the lands actually occupied or possessed by them, unless abandoned or extinguished by legal process (i.e. treaty agreements). The Mexican policy of inducing Indians to give up their wandering "nomadic, uncivilized" life in favor of a settled "pastoral, civilized" life, was continued by Congress after the 1846 session and was the very basis of the government's Indian allotment and reservation policy. Mexico and Spain retained the mineral estate under both private grants and public lands as a sovereign asset obtainable only by express language in the grant or under the provisions of the Mining Ordinance.